

April 10, 2015

Dear Senators and Committee members,

I am writing to you as an extremely concerned American asking you to please support proposals for residence-based taxation for individuals and support a definition of "foreign" in Treasury and IRS regulations which excludes financial accounts already reported in the country of bona fide residence, when this issue is debated in the next Congress.

I am a US citizen living abroad, and have done so since I was a teenager. I have been a permanent resident of the Netherlands for almost 40 years. As I'm sure you know, there are, according to State Department estimates, 7.6 million Americans living and working around the globe, the vast majority of whom are law-abiding citizens who feel strong ties to their homeland and serve as unofficial ambassadors for its image and its goods and services around the globe.

I would like to call your attention to the serious negative impact that FATCA (Foreign Account Tax Compliance Act), coupled with citizenship-based taxation, is having on the community of Americans who live outside of the United States. The legislation was designed to catch so-called "tax cheats," but in fact, for the vast majority of normal, hard-working Americans living abroad, FATCA is turning our lives into turmoil.

Because FATCA is so onerous and costly for banks worldwide to comply with, many banks, including those in my country, are asking clients with a U.S. passport or green card to close their existing accounts, and are refusing to open any new accounts for these U.S. citizens. Americans living and working overseas are being discriminated against and refused local mortgages, pension plans and life insurance policies, just because they're American. The best way to resolve the incompatibility between FATCA and citizenship-based taxation is to adopt residence-based taxation for individuals.

After hearing about Americans being targeted by the IRS in other parts of Europe, FACTA and discovering that I had to file taxes and report my financial accounts to the US, I sought out a CPA, who advise me to contact a tax lawyer to support me during the process of becoming compliant and being accepted in Streamline Program 2012. With the support of the CPA, I am now complaint, but by the time everything was filed and reported I had spent my life savings and paid \$20,000, not owing any taxes at all to the US. Family and friends in the states were unaware and could not believe the burden being placed on myself and my fellow Americans abroad. These are intelligent, educated Americans and they found it unbelievable that I would have to report income earned and taxed in Holland and that my investment account was being closed by the ING Bank, because I am an American citizen. My mandatory pension fond is trying to accommodate me, but are evaluating the consequences being generated by FACTA. Without my pension and the possibility of double taxation that would mean, I could not support myself in the future.

In the past decade, overseas Americans have spoken out against U.S. tax and financial legislation, arguing that they're excessively burdensome. While still small, the number of Americans taking the extreme step of giving up their citizenship is on an alarming upward trend. They ate not tax evaders, but hard working American citizens that can not meet the financial burden on themselves and their families. As a US citizen it is costly to file taxes. The IRS does their best to explain what needs to be done, but it is complex for citizens abroad. The financial burden of reporting to the IRS and Treasury Department is in my situation a months salary. I have been advised by other US citizens that choosing a less costly option often leads to having to answer questions by the IRS or missing important information. Since becoming complaint 2 new forms have been added and it will be harder as I age to keep up with the ever changing forms. I file my Dutch taxes on-line yearly and it takes one hour, in comparison, it takes almost a full work day to collect all the extra information required. I have to call foreign pension plans, the bank and other institutions to request information that is in the Netherlands not available until after the June deadline to meet my reporting responsibilities. In the end I do not owe taxes to the US after applying the foreign tax credit, but what will happen when I start to receive a modest pension?

The proposed changes would be simpler, fairer, and would bring in MORE, not less, revenue to the United States Treasury than the current system. It would eliminate the requirement for foreign financial institutions to report to the IRS or foreign governments under FATCA regulations. This in turn word I encourage foreign banks and institutions to work together with the US when there is a legitimate concern.

I propose a Residence-Based Taxation, a definition of "foreign" in Treasury and IRS regulations which excludes financial accounts already reported in the country of bona fide residence. this would relieve the reporting and financial burden for law-abiding citizen such as myself with average incomes. Another possibility is change the definition of a U.S. person in section 7701(a)(30) of the federal tax code. By changing the definition of a U.S. person for tax purposes in the code (e.g. if a U.S. person meets the bona fide residence test or physical presence test for two or three consecutive tax years, they are no longer considered a U.S. person for federal income tax and reporting purposes). This is a change that should not need legislative action and would provide a lot of overseas Americans with tremendous relief.

I strongly urge you to review the tax reform proposal as I suggested in this letter and support legislation in Congress to adopt residence-based taxation for individuals, when tax reform is taken up in the 113th Congress. This is urgent as not to burden Americans abroad such as myself. I am proud to be an American and can not imagine that because of the financial burden of reporting requirements to the IRS and Treasury Department, possible double taxation and not being able to have access to bank accounts, pensions in Netherlands I would be driven to financial ruin just because I choose to remain an American citizen.

Sincerely,

Tina Mains